

## Message Text

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ACTION COME-00

INFO OCT-01 NEA-10 ISO-00 EB-07 /018 W

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R 200620Z JUL 76

FM AMEMBASSY KATHMANDU

TO SECSTATE WASHDC 3719

UNCLAS KATHMANDU 3115

E.O. 11652 N/A

TAGS: BENC, NP

SUBJ: MAJOR PROJECT: BHAIRAWA-LUMINI GROUNDWATER  
PROJECT

REF: STATE 175221

1. EMBOFF SPOKE WITH PRADHAN JULY 19. PRADHAN WAS CORDIAL BUT NEGATIVE ABOUT CONSIDERING ECI FOR SUBJECT PROJECT AT THIS POINT. BID DOCUMENTS HAVE ALREADY BEEN DISTRIBUTED, AND IRRIGATION DEPARTMENT PLANS TO HAVE SELECTED CONSULTANT BY AUGUST 29. INTRODUCTION OF ADDITIONAL CANDIDATES AT THIS POINT WOULD ONLY DISRUPT TIMETABEL AND UDERCUT RATIONALE BEHIND SHORT-LIST I.E. RESTRICTING CANDIDATES TO A MANAGEABLE NUMBER. IN ADDITION, ONE U.S. FIRM (TIPTON AND KALBACK, INC. OF DENVER COLO.) IS ALREADY ON THE SHORT LIST. ADDING A SECOND ONE WOULD VIOLATE POLICY OF A BALANCED REPRESENTATION OF BANK MEMBER COUNTRIES ON THE LIST. (OTHER COMPETITORS AR U.S. FRENCH, JAPANESE, AND ISRAELI.)

2. PRADHAN HOWEVER ADDED THAT ECI IS RPT IS ON THE SHORT-LIST FOR ANOTHER UPCOMING IRRIGATION PROJECT, ALSO TO BE FINANCNED BY THE WORLD BANK, WITH FEASABILITY STUDY FUNDS PROVIDED BY UNDP. CONTRACT WILL BE FOR FEASIBILITY STUDY OF A PACKAGE OF THREE PROJECTS: MAHAKALI 2ND PHASE, BABAI AND JUMURARNALLA. PRADHAN SAID THAT WORLD BANK WILL ITSELF SELECT SONCULTANT FOR THIS PHASE OF THE WORK, SO ECI SHOULD MAINTAIN CONTACT WITH THE BANK RATHER THAN THE IRRIGATION DEPARTMENT IF INTERESTED. CONSULTANT FOR THIS PROJECT TO BE SELECTED BY DECEMBER/JANAUARY.

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LJEM COMMENT: ALTHOUGH WE WOULD LIKE TO HAVE BEEN TWO U.S. FIRMS N

THE RUNNING FOR THIS CONTRACT, PRADHAN REFUSED TO COMPROMISE  
SHORT-LISTING PROCEDURE IS UNDERSTANDABLE IN VIEW OF GON'S  
EXTREAMELY LIMITED ADMINISTRATIVE RESOURCES FOR EVALUATING  
PROPTJALS. MORE TO THE POINT AS FAR AS U.S. INTERESTS ARE  
CONCERNED, SUCH A PRECEDENT WOULD PROBABLY WORK AGAINST US  
IN THE LONG RUN. AT PRESENT A U.S. FIRM IS ALMOST INVARIABLY  
ON SUCH SHORT-LISTS, AGAINST A LIMITED NUMBER OF COMPETITORS.  
A WEAKENING OF SHORT-LIST EXCLUSIVELY WOUL ALMOST CERTAINLY  
RESULT IN A LESS BALANCED COMPETITION AS GEOGRAPHICALLY  
CLOSER AND MORE AGGRESSIVE EUROPEAN AND JAPANESE FIRMS  
MUSCLED THEMSELVES ONTO THE ACT AS WELL. AT THIS POINT, WE  
CAN ONLY SUGGEST A CHECK WITH TIPTON & KALMBACK TO SEE HOW  
SERIOUS THEY ARE ABOUT COMPETING FOR THE CONTRACT. IF THEY  
ARE NOT REALLY INTERESTED IT MIGHT BE POSSIBLE TO ARRANGE A  
MID-STREAM SWITCH OF THE IDENTITY OF THE AMERICAN COMPETITOR.  
HOWEVER AUGUST 29 DEADLINE DOES NOT GIVE MUCH TIME FOR SUCH  
A SHUFFLE.  
MAYTAG

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